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SENSITIVE
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DEPARTMENT FOR NEA/ARP (BMASILKO) AND EEB

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SUBJECT: NOVEMBER 2008 MENAFATF PLENARY

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INTRODUCTION AND SUMMARY

¶1. (SBU) The Middle East and North Africa Financial Action Task Force (MENAFATF) held a plenary session (MENAFATF VIII), working group meetings, and an FIU workshop from November 9-13, 2008 in Fujairah, United Arab Emirates (UAE). Treasury Deputy Assistant Secretary for Terrorist Financing and Financial Crimes Daniel Glaser headed the U.S. interagency delegation. The delegation included representatives from the Departments of the Treasury and State, and the Federal Bureau of Investigation.

¶2. (SBU) During this Plenary, hosted by UAE as 2008 President, the MENAFATF discussed the work plan and budget for 2009; adopted one part of the Report of the Designated Non-Financial Business & Professions Committee; adopted the Mutual Evaluation Working Group Chairman's Report and the timeline of MENAFATF member countries' mutual evaluations and follow-up reports; approved Libya's application for MENAFATF membership and the World Customs Organization application for MENAFATF observership; and discussed upcoming conferences, training seminars and workshops to include an assessors training workshop, a MENAFATF private sector dialogue, a second ministerial-level meeting, a joint MENAFATF-FATF Plenary, and a variety of other member country proposals. No mutual evaluation reports or follow-up reports were presented or discussed in this Plenary. Mr. Abdul Rahman Al Baker, Executive Director of the Bahraini Financial Institutions Supervision Department at the Central Bank of Bahrain, will be President of the MENAFATF for 2009. End Introduction and Summary.

Miscellaneous Items

¶3. (SBU) Work Plan for 2009: The work plan for 2009 includes an annex indicating tasks that have been accomplished, are currently underway, and remain pending. During discussion of the work plan, Lebanon emphasized the need to hold an assessors training as soon as possible. It was agreed that a new strategy would be drafted for the next three years and that attention would be paid to holding an assessors training.

¶4. (SBU) Budget for 2009: The budget was adopted, though several member countries expressed concern in the raising of member dues. MENAFATF Executive Secretary Adel al-Qulish presented on the reasons for increasing the budget. For the years 2008-2009, the MENAFATF agreed to a 28 percent increase in the budget for Secretariat staff salary increases and inflation adjustment.

¶5. (SBU) Report of the Designated Non-Financial Businesses & Professions (DNFBPs) Committee: The Plenary decided to publish the second part of the Report of the Working Group on DNFBPs entitled, "DNFBPs in relation to AML/CFT." The first part of the report, which

reflects an overview of each member country's controls regarding DNFBPs, was not adopted because only seven out of 17 member countries responded to the questionnaire. The questionnaire will be redistributed for response and the first part of the report will be presented again in the May 2009 Plenary.

¶16. (SBU) Report of the Politically Exposed Persons (PEPs) Committee: The Report of the Working Group on PEPs was not accepted by the Plenary. Members felt the paper was not comprehensive and required a deeper examination of PEPs in the region and the manner in which governments and financial institutions address the issue. The report, which has been in progress for two years, was postponed until the next Plenary.

¶17. (SBU) Mutual Evaluation Working Group (MEWG) and MENAFATF Mutual Evaluation Timeline: The Plenary adopted the MEWG Chairman's report and the timeline or schedule for both member countries' MERs and follow-up reports. The mutual evaluations of Jordan and Egypt and the follow-up assessments of Bahrain, Mauritania, and Syria will be presented at the May 2009 Plenary. Lebanon, Saudi Arabia, and Algeria are scheduled to undergo a mutual evaluation prior to the next Plenary.

¶18. (SBU) Technical Assistance & Typologies Working Group: The Plenary adopted the Working Group Chairman's Report and the TATWG's report entitled, "Guidance of Training Different Authorities in the field of AML/CFT," which guides member countries on AML/CFT outreach to appropriate governmental and private sector institutions. During discussion of the reports, many members expressed their concern with the lack of qualified assessors for mutual evaluations. The UAE, Lebanon, and Algeria offered to host assessor training workshops. It was agreed that the MENAFATF would organize a workshop for mid-2009.

¶19. (SBU) Proposal for the MENAFATF PSD: Lebanon proposed for the second time that the MENAFATF launch a private sector dialogue. In

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the proposal, a working group would be established to reach out to the private sector and establish a dialogue attached to each or every other Plenary to discuss challenges in implementing AML/CFT controls.

The proposal would build on the current U.S.-Middle East and North Africa Private Sector Dialogue (U.S.-MENA PSD). The majority of MENAFATF members agreed to the concept of formalizing a dialogue with the private sector. However, several members were uncomfortable with a working group that would include private sector representatives and requested that the structure of such a dialogue be reexamined and redefined. It was decided that the Secretariat would explore the FATF's private sector dialogue and propose a similar structure for discussion at the May 2009 Plenary.

¶10. (SBU) Proposal for a Second Ministerial Meeting: 2008 MENAFATF President Abdulrahim al Awadi (the head of the UAE FIU) proposed a second ministerial meeting in order to brief key regional decision-makers on the MENAFATF's successes, challenges, and future developments. The MENAFATF budget would be an issue of particular concern. The majority of member countries were hesitant to approve the proposal because they did not feel the meeting was necessary. The President requested that members submit potential agenda items and the Secretariat would disseminate a draft agenda for discussion at the next Plenary.

¶11. (SBU) Proposal for a Cooperative Fund for Training and Technical Assistance in the MENAFATF: The Plenary adopted the proposal to establish a fund that would support MENAFATF training workshops and technical assistance for member countries.

¶12. (SBU) Proposal to host a joint Plenary with the FATF in 2009: The member countries agreed to organize a joint Plenary with the FATF. The MENAFATF discussed the proposal with the FATF Secretariat in May 2008 and the proposal was raised during the FATF Plenaries in June 2008 and October 2008. It was agreed that the Secretariat and new MENAFATF President would explore possible dates for a joint Plenary in 2009-2010.

¶13. (SBU) Application of Libya for MENAFATF membership: The Plenary approved Libya's application for MENAFATF membership.

¶14. (SBU) Application of the World Customs Organization (WCO) for MENAFATF observership: The Plenary approved the WCO's application for MENAFATF observership.

¶15. (SBU) Application of Ukraine for MENAFATF observership: The Plenary denied Ukraine's application for MENAFATF observership.

¶16. (SBU) The next MENAFATF Plenary meeting will be held the week of May 17-21, 2009 in Manama, Bahrain.

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